

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )  
 )  
2000 Biennial Regulatory Review -- )  
Telecommunications Service Quality )  
Reporting Requirements )

CC Docket No. 00-229

AT&T CORP. COMMENTS

Mark C. Rosenblum  
Richard H. Rubin  
James W. Grudus  
AT&T CORP.  
295 North Maple Avenue  
Basking Ridge, NJ 07920

James L. Casserly  
MINTZ, LEVIN, COHEN,  
GLOSKY AND POPEO, P.C.  
701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Attorneys for AT&T Corp.

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**AT&T CORP. COMMENTS**

Pursuant to the Commission's Notice of Proposed Rulemaking ("NPRM"),<sup>1/</sup> AT&T Corp. ("AT&T") hereby respectfully submits these comments.

**INTRODUCTION AND SUMMARY**

In the NPRM the Commission inquires whether it should "eliminate the bulk of the existing service quality reporting requirements," currently reported via ARMIS Reports 43-05 and 43-06.<sup>2/</sup> The NPRM also adverts to the possibility of modifying existing reporting requirements and imposing service quality reporting requirements on new entrants for the first time. Neither notion is consistent with the objectives of, and standards for, the biennial review process. The changes proposed in the NPRM would, in large part, run counter to the Commission's desire "to address the needs of carriers, consumers, state public utility

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<sup>1/</sup> 2000 Biennial Regulatory Review -- Telecommunications Service Quality Reporting Requirements, CC Docket No. 00-229, Notice of Proposed Rulemaking, FCC 00-399 (rel. Nov. 9, 2000) ("NPRM").

<sup>2/</sup> NPRM ¶¶ 2, 14-15, 39. As discussed in the NPRM, currently, only price cap LECs file the service quality and customer satisfaction reports found in ARMIS 43-05 and 43-06. *See id.*; 47 C.F.R. § 43.21(g)-(h); *see also Policy and Rules Concerning Rates for Dominant Carriers*, Second Report and Order, 5 FCC Rcd 6786, 6827-31 (1990) ("Price Cap Order"), Erratum 5 FCC Rcd 7664 (CCB 1990), *modified on recon.*, 6 FCC Rcd 2637 (1991); *aff'd sub nom.*, *Nat'l Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993); *see also Policy and Rules Concerning Rates for Dominant Carriers*, Memorandum Opinion and Order, 6 FCC Rcd 2974 (1991) ("Service Quality Order"). Specifically, the Commission proposes to eliminate several aspects of the service quality data reported by price cap LECs via ARMIS 43-05 and 43-06. *Compare* NPRM at App. A (containing the current reporting requirements) *with id.* at App. B (containing the six streamlined reporting requirements).

commissions and other interested parties.”<sup>3/</sup> Although AT&T supports deregulation where appropriate, the majority of the ARMIS service quality reports identified in the NPRM are not appropriate targets for elimination at this time. Certain currently required reports, however, appear to be of limited utility and could be eliminated.<sup>4/</sup>

The public interest would be best served if the ARMIS reporting requirements were maintained in force and competitive local exchange carriers (“CLECs”) were not compelled to implement a new and costly reporting regime.<sup>5/</sup> First, Section 11 of the Communications Act<sup>6/</sup> cannot properly be invoked as a basis for eliminating rules applicable to incumbent local exchange carriers (“ILECs”) because they are not yet subject to “meaningful economic competition.” Second, the majority of the service quality reports filed by ILECs continue to serve valid purposes and should not be eliminated; indeed, these data are critically useful in revealing service quality problems and in monitoring industry developments such as major ILEC mergers, approval of Section 271 applications, and expansion of pricing flexibility. Third, the Commission should not burden financially constrained CLECs with novel and costly service quality reporting requirements, especially in the context of this proceeding which is focused on removing regulations made unnecessary by competition, and while other proceedings are concurrently considering additional reporting requirements. Natural marketplace incentives can be relied on to ensure that CLECs develop and provide whatever information is needed to prospective customers.

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<sup>3/</sup> NPRM ¶ 10.

<sup>4/</sup> AT&T does not oppose the elimination of Table III of ARMIS Report 43-05 and ARMIS Report 43-06. It is AT&T’s experience that the common trunk blockage data reported in Table III of ARMIS 43-05 is not of particular use to the Commission, the state commissions, the industry, or the consumer with regard to issues of service quality. Additionally, AT&T agrees with the Commission that “complaint information is a better indicator of trends in service quality than a telephone consumer survey” of satisfaction that is reported in ARMIS 43-06. NPRM ¶ 42.

<sup>5/</sup> For the balance of these Comments, when AT&T refers to the “ARMIS reports,” the “ARMIS reporting requirements,” or “ARMIS data,” it does not include Table III of Report 43-05 or Report 43-06 as discussed in *supra* note 4.

<sup>6/</sup> 47 U.S.C. § 161.

In all events, the Commission must carefully consider the impact of either removing critical benchmark information or imposing new, unnecessary, and costly reporting burdens. Without a thorough understanding of the effects, the Commission may unwittingly tilt the competitive landscape and create disincentives for competition.

## BACKGROUND

In 1990, the Commission implemented price cap regulation for certain of the largest incumbent local exchange carriers (“ILECs”).<sup>7/</sup> One resulting risk, as the Commission recognized, was that the price cap local exchange carriers (“LECs”) might choose to “increase their profits not by becoming more productive, but by lowering the quality of the service they provide.”<sup>8/</sup> To guard against this danger, the Commission required that price cap LECs publicly disclose certain service quality performance data through the Commission’s existing ARMIS database.<sup>9/</sup> The Commission imposed these reporting requirements on the theory that they would: (i) encourage price cap LECs to maintain a high level of service quality, and (ii) allow the Commission, state commissions, industry participants, and the public to promptly detect any diminution of service quality.<sup>10/</sup>

Only eighteen months ago during one of its 1998 Biennial Review proceedings, the Commission concluded “the existing service quality reports are the least burdensome method of monitoring the quality of telecommunications service during the transition to a competitive

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<sup>7/</sup> See *Price Cap Order*, 5 FCC Rcd 6786. At that time, the Commission extended price cap regulation to the seven Regional Bell Operating Companies (“RBOCs”) and GTE. See *id.* at 6787. Several other carriers have since voluntarily chosen to be regulated under the price cap regime.

<sup>8/</sup> *Id.* at 6827.

<sup>9/</sup> *Id.* at 6827-30; *Service Quality Order*, 6 FCC Rcd at 2975, 2990-01. ARMIS 43-05, in particular, serves to collate data regarding critical elements of the incumbent LECs’ service quality performance on a study area, or geographic, basis. The data in ARMIS 43-05 are currently reported and broken down into six tables: (1) Table I -- installation and repair intervals for interexchange carriers; (2) Table II -- installation and repair intervals for local access customers; (3) Table III -- common trunk blockage; (4) Table IV -- total switch downtime; (5) Table IV-A -- occurrences of two minutes or more duration downtime; (6) Table V -- service quality complaints.

<sup>10/</sup> See *Price Cap Order*, 5 FCC Rcd at 6821.

market.”<sup>11/</sup> Less than six months before the NPRM was released, the Commission used the ARMIS data, it now contemplates eliminating, as an important component of its Bell Atlantic/GTE merger conditions.<sup>12/</sup> Indeed, the ARMIS reporting requirements are serving their intended purpose today. Unfortunately they show, as the Commission feared, that ILEC performance is in fact deteriorating over time.

## DISCUSSION

### I. STANDARD FOR SECTION 11 BIENNIAL REVIEW PROCESS.

Section 11 of the Act directs the Commission to conduct a biennial review of all regulations that apply to the operations or activities of telecommunications service providers.<sup>13/</sup> It further specifies that the Commission’s task is to assess whether any particular regulation “is no longer necessary in the public interest as the result of *meaningful economic competition* between providers of such service.”<sup>14/</sup> If, however, there is no meaningful economic competition, Section 11 provides no basis for changing the regulation. Moreover, this biennial review proceeding is not the appropriate context for determining whether to institute new service quality reporting requirements for new entrants.

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<sup>11/</sup> 1998 Biennial Regulatory Review -- Review of ARMIS reporting Requirements; Petition for Forbearance of the Independent Telephone and Telecommunications Alliance, Report and Order in CC Docket No. 98-117, Fifth Memorandum Opinion and Order in AAD File No. 98-43, 14 FCC Rcd 11443, 11464-65 (1999) (“ITT Forbearance Order”).

<sup>12/</sup> Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221, ¶ 329 (rel. June 16, 2000) (“GTE/BA Merger Order”). “By receiving [ARMIS 43-05 Table I] on a quarterly basis, the Commission and others can take appropriate action in the event such reports show service quality degradation. Bell Atlantic/GTE also will continue reporting ARMIS data on an operating-company basis in order to preserve the number of observable points of operating-company behavior for benchmarking purposes.” *Id.* (citations omitted).

<sup>13/</sup> 47 U.S.C. § 161(a)(1).

<sup>14/</sup> *Id.* § 161(a)(2) (emphasis added). Should the Commission determine -- under that standard -- that a regulation is no longer necessary to serve the public interest, it shall either repeal or modify that regulation. *Id.* § 161(b).

## **II. THE COMMISSION SHOULD MAINTAIN CURRENT SERVICE QUALITY REPORTING REQUIREMENTS.**

### **A. The ARMIS Service Quality Reports Continue To Serve Their Important and Intended Purpose.**

In the NPRM the Commission inquires whether it should eliminate the ARMIS 43-05 and 43-06 price cap LEC reporting requirements. The answer is an emphatic no.

At present, there is very little “meaningful economic competition” in the local exchange or access markets. Indeed, the Commission’s own analysis shows ILECs controlled over ninety-three percent of access lines in the United States and over ninety-six percent of small business and residential lines.<sup>15/</sup> The access services marketplace is likewise dominated by the ILECs. Today, IXCs purchase the overwhelming majority of their access requirements from ILECs.<sup>16/</sup> Indeed, the NPRM acknowledges that both local exchange and exchange access competition is at a “relatively early stage.”<sup>17/</sup>

These facts belie any suggestion that, at this time, “meaningful economic competition” exists that would justify the removal of the ARMIS service quality reporting requirements. Moreover, the reported data show that, as competition is only beginning to emerge, the ILECs’ service quality is steadily deteriorating. Thus, there is no basis to relieve the ILECs of their reporting obligations at this time.

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<sup>15/</sup> See Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, *Local Telephone Competition: Status as of June 30, 2000* 1, 4, Tables 1&2 (Dec. 2000) (“*Local Competition Report*”). In addition, of the lines attributed to CLECs, over two-thirds are acquired from the ILECs, as UNE loops, UNE platforms, or resale arrangements. See *id.* at 1, 5, Table 3. Therefore, the data show that the ILECs physically provide ninety-eight percent of the national access lines in service today. See *id.* comparing Tables 1& 4..

<sup>16/</sup> See e.g., *BellSouth Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD No. 00-20, Comments of AT&T Corp.; *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, CC Docket No. 98-184, Comments of AT&T Corp. Even where access services are procured from a CLEC, often the underlying facilities provider is an incumbent LEC. AT&T is mindful of the Commission’s recent opinion in *BellSouth Petition for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD No. 00-20, Memorandum Opinion and Order (rel. Dec. 15, 2000). However the Commission’s deregulatory actions therein provide another compelling reason for keeping the current reporting in place as marketplace participants and government officials assess the impact of this ruling.

<sup>17/</sup> NPRM ¶ 11.

In addition, the reported ARMIS data show that the Commission's early fears have become a reality. The data in Report 43-05 demonstrate that the quality of service provided by price cap LECs, especially the RBOCs, is deteriorating in virtually all categories. For example:

- Overall RBOC service quality for installation commitments for switched access service to IXC's continuously declined from 1993 to 1999 and is now at a seven-year low. Specifically, the data demonstrate that the percentage of installation commitments met by the RBOCs for switched access has declined from approximately ninety-seven percent in 1993 to less than eighty percent in 1999.<sup>18/</sup>
- Overall performance in meeting special access service installation commitments has also declined significantly, falling over ten percent since 1993. Furthermore, installation intervals for both switched and special access service are worse now than in 1994, and access service repair intervals have lengthened by over twenty-five percent since 1993.<sup>19/</sup>
- The percentage of installation commitments met for local service to both residential and business consumers is lower today than in 1993.
- Installation intervals for local service to both business and residential consumers steadily increased from 1997 to 1999.

These problems are not limited to RBOCs. Indeed, the Commission recently acknowledged that the "ARMIS reports of certain mid-sized carriers indicate some disturbing trends in the quality of service provided to interexchange carriers and consumers."<sup>20/</sup>

The situation is growing worse. For example, in September 2000, the chairpersons of five state commissions initiated several actions to address "the declining service quality levels of [SBC/Ameritech] in recent months [that] reflect[ed] an inexplicable lack of focus from the senior managers of SBC/Ameritech in addressing basic service quality issues."<sup>21/</sup> The evolution of

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<sup>18/</sup> All ARMIS data cited were found on the Commission's Web site, at <http://www.fcc.gov/ccb/armis/sq/> (visited Jan. 3, 2000).

<sup>19/</sup> The impacts of worsening service on IXC's are obvious, but include for example: apparent poor performance (when really caused by the ILEC), lost revenue, decreased internal productivity, and decreased customer productivity to name a few.

<sup>20/</sup> *ITT Forbearance Order*, 14 FCC Rcd at 11464 n.89.

<sup>21/</sup> Joint Statement of Chairpersons of the Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Michigan Public Service Commission, the Public Utilities Commission of Ohio and the Public Service Commission of Wisconsin, at 2 (Sept. 29, 2000) ("Five-State Joint Statement"); see also NPRM at ¶ 4 n.7. In addition, the Chief of this Commission's Common Carrier Bureau recently observed, "SBC's performance data indicates that consumers in SBC's region are experiencing increasing installation delays, longer repair times, and



service quality can only be understood if the reporting process provides access to historical performance data.

Maintaining the current ARMIS service quality reports makes these problems visible thereby increasing the prospects for corrective action.<sup>22/</sup> The Commission, IXC's, and consumers, as well as other regulators and government authorities, need to be able to monitor the ILEC's service quality during the transition to competitive markets.<sup>23/</sup> The ARMIS 43-05 Reports are the only way to understand today's service quality in the broader context of the marketplace's evolution.<sup>24/</sup> The continuing -- and worsening -- service quality problems discussed above demonstrate the continuing need for consistent data collection that enables regulators and customers to benchmark ILEC performance.<sup>25/</sup>

Indeed, the timing of this inquiry is especially odd, given recent Commission actions indicating a growing -- rather than slackening -- interest in securing data on the quality of ILEC services. As a condition of both the SBC/Ameritech and Bell Atlantic/GTE mergers the Commission ordered separate, quarterly reports of "service quality data in accordance with Table I of ARMIS Report No. 43-05" for each of the merging entities.<sup>26/</sup> It would be wholly

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greater difficulties contacting SBC's incumbent LECs about service quality and other issues." Letter from Dorothy T. Attwood, Chief, Common Carrier Bureau, Federal Communications Commission, to James W. Calloway, Group President -- SBC Services, SBC Communications, Inc., Oct. 6, 2000 ("Attwood Letter").

<sup>22/</sup> Service quality data may also be useful to other state and federal authorities with an interest in competition policies, especially if ILECs maintain their uncontested position in the face of deteriorating performance.

<sup>23/</sup> See e.g., *Federal Communications Commission Announces Year 2000 Common Carrier-Related Enforcement Action Totals*, Public Notice (Dec. 21, 2000) (citing a "[f]ail[ure] to provide its competitors with adequate service, such as timely processing of orders and satisfactory installation of service," as reasons behind SBC's "\$6.1 million voluntary incentive payment to the U.S. Treasury"). In fact, the recent trouble in the SBC/Ameritech region illustrates just how useful the service quality reporting requirement can be in monitoring incumbent LECs. See Attwood Letter.

<sup>24/</sup> See *supra* note 12 (quoting ¶ 329 of the GTE/BA Merger Order).

<sup>25/</sup> Benchmarking allows comparison between: a company's current performance and its past performance; one company's performance and another company's current or past performance; and a company's performance for one customer and its overall current or past performance. It should be noted that changing the reporting metrics would devalue past, current, and future data because period-to-period comparisons would be much more difficult, if they could be made at all.

<sup>26/</sup> *GTE/BA Merger Order* ¶ 328-329; *Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules*, Memorandum Opinion and Order, 14 FCC Rcd 14,712 at ¶ 403-404 (1999). In addition, SBC

inconsistent for the Commission to find, in June 2000, that the ARMIS reporting requirements are “key service quality data”<sup>27/</sup> and just a few months later conclude these same reporting requirements “no longer make sense.”<sup>28/</sup> This inconsistency is especially stark, since the underlying ARMIS service quality reports were, in part, instrumental in documenting the drastic decline of service quality in the former Ameritech region.

Critically, the Commission has recognized that “the Commission’s ARMIS data are relied upon by many state commissions,”<sup>29/</sup> and that some state commissions even rely on the ARMIS 43-05 report to develop measures for determining incentives and penalties for “price regulated companies.”<sup>30/</sup> Indeed, the states have made clear that they *oppose* elimination of ARMIS service quality reporting requirements, stating they “support[] the reporting of telephone service quality information *at no less than its current level.*”<sup>31/</sup> The Commission’s current inquiry is all the more puzzling because of the compelling need for such service quality data during this important transitional time. Eliminating key ARMIS reporting requirements would defeat all of the statutory purposes the Commission recognized when they were originally adopted.

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and Verizon must report, consistent with the *NARUC Service Quality White Paper*, data concerning the service quality provided to both residential and business customers.

<sup>27/</sup> *GTE/BA Merger Order* ¶ 428.

<sup>28/</sup> NPRM ¶ 2.

<sup>29/</sup> *ITT Forbearance Petition*, 14 FCC Rcd at 11456, 11463.

<sup>30/</sup> *Id.* at 11456 & n.56 (discussing state proceedings in which state regulators used ARMIS data), n.58 (noting that the Wisconsin Commission “states that it develops four measures for determining incentives and penalties for price regulated companies based on data from Table II of ARMIS 43-05 report for all companies nationwide”).

<sup>31/</sup> See NARUC, Committee on Telecommunications, *Resolution on Telephone Service Quality Reporting* (Nov. 15, 2000) (emphasis added) (“NARUC Service Quality Resolution”).

**B. There Are No Alternatives To Publicly Reported ARMIS Access Service Quality Data.**

The Commission also asks whether IXC's can independently "monitor service quality through operation of their business relationships with the incumbent" LEC.<sup>32/</sup> The short answer is no.

IXC's such as AT&T often directly receive individual access service quality data similar to the aggregated ARMIS reports. This information, however, is typically supplied pursuant to confidentiality agreements that preclude public use of those data including use in regulatory proceedings. Moreover, receipt of customer-specific access service quality data is in no way a substitute for the aggregate data reported via ARMIS 43-05. Both sets of data are necessary to enable individual carriers to compare the quality of service they receive to the overall quality of service the ILEC provides to all of its customers. Without both sets of data, individual carriers cannot discern whether the ILEC is discriminating against them.<sup>33/</sup> There is no other required source of aggregated ILEC access service quality data.

In addition, ILECs are increasingly in the dual role of providing services to IXC's and CLECs and also directly competing with them. Because ILECs maintain monopoly control over connections to the local customer, ILECs have the incentive to further degrade service provided to competitors, thereby making their own services more attractive to consumers. This form of discrimination will be much more easily detected if IXC's and CLECs can compare the quality of both access services and various local service components they receive (from the ILEC) against the overall quality of service the ILECs provide.<sup>34/</sup>

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<sup>32/</sup> NPRM ¶ 39.

<sup>33/</sup> Such two-tiered reporting requirements are typical of performance measurement plans offered in connection with the public interest test in Section 271 proceedings.

<sup>34/</sup> The Commission is also aware that CLECs currently use special access services to provide *local* services in a number of circumstances, because the Commission has temporarily permitted incumbents to impose certain use restrictions on facilities used to provide both local exchange and exchange access services. *See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, 15 FCC Rcd 9587 (2000). Incumbents have these same anticompetitive incentives in those cases as well.

**C. The Service Quality Reporting Requirements Do Not Impose A Significant Burden On ILECs.**

Finally, there are no material adverse consequences on ILECs if the Commission maintains its current reporting requirements. These requirements do not involve any significant recurring costs for price cap LECs.<sup>35/</sup> The systems needed to generate the ARMIS data are already established and were funded by captive ratepayers years ago. At this juncture, the minimal costs of printing out and filing the data far outweigh the benefits obtained from continuing the current ARMIS reporting requirements. In fact, introducing different reporting requirements may be more costly for the ILECs than maintaining the current ones, because any changes to current requirements will necessitate systems changes.

**III. THE COMMISSION SHOULD NOT CONSIDER EXTENDING ANY REPORTING REQUIREMENTS TO CLECs IN THIS PROCEEDING.**

The NPRM also asks whether service quality reporting requirements should be extended to all LECs, including CLECs.<sup>36/</sup> It would not be appropriate for the Commission to extend any service reporting requirements to CLECs in the present biennial review. First, given CLECs current financial condition, requiring them to divert scarce resources to implementing any such requirements would hinder competition. Second, as the NPRM acknowledges, CLECs currently must depend on ILECs to provide much of their service. Third, to the extent any such requirements are appropriate (and AT&T believes they are not), they should not be addressed piecemeal, but rather in a separate, consolidated proceeding.

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<sup>35/</sup> See NARUC Service Quality Resolution (“[l]arge local phone companies have made no evidentiary showing that the current reporting levels cause significant burdens on the reporting carriers”).

<sup>36/</sup> NPRM ¶ 29. AT&T appreciates that the Commission has not specifically *proposed* any new reporting requirements on competitive LECs in this proceeding, but the Notice does raise the possibility. *Id.*

**A. Extending Service Quality Reporting Requirements To CLECs Would Be Unnecessarily Burdensome.**

Extending service quality reporting requirements to CLECs would be extremely burdensome given the limited capital resources now available to the CLEC industry.<sup>37/</sup> Today, a CLEC's financial resources are extremely limited and can be characterized as a "zero-sum environment," in which a CLEC's limited capital can be allocated either to market entry activities or to compliance with new regulatory requirements. The Commission should not place additional financial burdens on CLECs that will consume scarce resources necessary to build facilities and systems needed to provide competitive options for consumers.

Furthermore, the realities of a nascent competitive marketplace naturally provide strong incentives for new entrants to differentiate their features, prices, and service quality and to inform consumers about the differences between providers. The CLECs' allocation of valuable resources to inform consumers about these differences should be driven by commercial, not regulatory, considerations. This is especially true here, because there is no evidence additional regulations would better allocate resources between business necessities and consumer information initiatives, or provide superior consumer information.

**B. CLECs Remain Heavily Dependent On ILEC Facilities And Services.**

In any event, requiring CLECs to report on their service quality does not make sense while they are still heavily dependent on ILEC facilities and services. As the Commission is aware, a very large proportion of CLECs' local exchange service is provided through the use of unbundled network elements obtained from ILECs or by resale of ILEC local exchange services. Accordingly, as the Commission recognizes, a competitive carrier often "has no control over the

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<sup>37/</sup> See Steven Pealstein, *Economy Breaks as Funds Slow*, WASH. POST, Oct. 30, 2000, at A1, A6 ("[w]ith [competitive] telecom companies' profits shrinking, or nonexistent, and their access to capital markets severely constrained, some industry analysts question whether they will be able to continue building out their networks"); Cory Grice, *Small Phone Companies Losing Ground to Telecom Giants*, at <http://news.cnet.com/news/0-1004-201-2932468-0.html> (Oct. 5, 2000) (explaining how several competitive LECs "have recently announced profit warnings, executive changes or other significantly adverse news").

service quality of the resold service or the purchased elements.”<sup>38/</sup> Indeed, even facilities-based CLECs need interconnection and trunking from the incumbent.

In all these cases, the quality of service that CLECs provide consumers is partly -- or completely -- dependent on the quality of service provided to them by the ILECs.<sup>39/</sup> For all these reasons, the imposition of CLEC reporting obligations would invariably lead to mischief and could seriously (and inappropriately) damage CLECs’ business reputations and ultimately retard the development of a competitive marketplace. Given these likely results, the best alternative is to rely on real competitive marketplace forces to fully and efficiently inform consumers.

**C. Any Commission Consideration Of Additional CLEC Reporting Requirements Should Be In A Separate Proceeding.**

This is not the only proceeding in which the Commission is considering imposing new reporting obligations on CLECs. In one pending proceeding, the Commission asked whether to extend certain accounting and reporting requirements to competitive carriers,<sup>40/</sup> and in another docket the Commission has already imposed substantial reporting requirements on CLECs.<sup>41/</sup> This piecemeal approach to the consideration of new regulatory requirements is not efficient and may in fact be affirmatively harmful. In order for the Commission to correctly assess the costs and consequences of all these possible requirements on competitive carriers, the Commission must consider these requirements -- if at all -- in a unitary proceeding.

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<sup>38/</sup> NPRM ¶ 32. It should be noted that the Commission’s reference to the airline industry’s reporting program is inappropriate. *Id.* ¶¶ 12-13. In the airline industry, no one carrier controls the facility by which many of the remaining carriers serve customers. By contrast, the quality of service a CLEC can offer to its customer is often directly related to the service that its biggest competitor, the ILEC, provides to that CLEC.

<sup>39/</sup> See Five-State Joint Statement (“[i]n addition to declining retail service levels to consumers, SBC/Ameritech’s wholesale customers, its competitive LEC competitors, have also experienced marked declines in service quality as they attempt to purchase network elements from SBC/Ameritech in order to offer competing telecommunications service”).

<sup>40/</sup> See *In the Matter of 2000 Biennial Regulatory Review -- Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2 and 3*, CC Docket No. 00-199, Notice of Proposed Rulemaking (rel. Oct. 18, 2000).

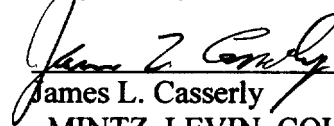
<sup>41/</sup> *Local Competition and Broadband Reporting*, Report and Order, 15 FCC Rcd 7717 (2000).

## CONCLUSION

For all of the foregoing reasons, the Commission should retain the service quality reporting for price cap LECs, and should not impose new service quality reporting requirements on CLECs.

Mark C. Rosenblum  
Richard H. Rubin  
James W. Grudus  
AT&T CORP.  
295 North Maple Avenue  
Basking Ridge, NJ 07920

Respectfully submitted,

  
James L. Casserly

MINTZ, LEVIN, COHEN  
GLOVSKY AND POPEO, P.C.  
701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20016

January 12, 2001

## CERTIFICATE OF SERVICE

I, Jonathan P. Cody, hereby certify that on this 12<sup>th</sup> day of January 2001, I caused true and correct copies of the foregoing Comments of AT&T Corp. to be hand-delivered to the following persons:

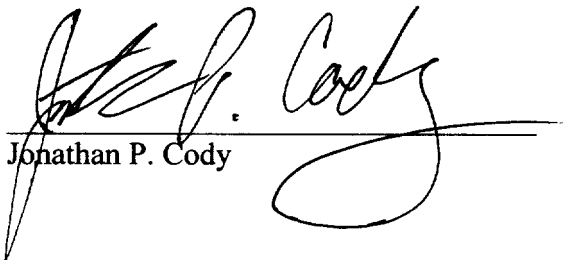
Magalie Roman Salas  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Judy Boley  
Federal Communications Commission  
Room 1-C804  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Ernestine Creech\*  
Accounting Safeguards Division  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Edward Springer  
OMB Desk Officer  
10236 NEOB  
725 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20503

ITS\*  
1231 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

  
Jonathan P. Cody

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\* Served one (1) paper copy and one (1) diskette copy